

2020 ANNUAL MEETING TREASURER'S REPORT

Mitch Gabriel, Treasurer

Sept 22, 2020

The following is an update of the report sent to shareholders in April 2020. In the interest of conserving Zoom meeting time, this update replaces the verbal report which is normally given at the annual meeting. Please review carefully. If you have any questions regarding this report you will be able to ask and get answers in the call.

General Information

Odd Fellows Sierra Recreation Association (OFSRA) and Sierra Park Services Inc. have officially merged, OFSRA has assumed, and will continue providing services for Sierra Park. All invoices/payments from now on will be from/to OFSRA. The services provided are as follows and are split into two areas/functions:

Roads Services - Roads Maintenance and Snowplowing (commonly referred to as Roads) and are defined in California Civil Code 845.

All lots in Sierra Park are obligated per CC845 to pay for Roads Services.

Ancillary Services AS) - This bundled service includes the use of the trash/refuse bin, pine needle dump, common areas (lake, play ground, picnic areas, ball field, basketball court, volley ball court, and meadows), and the forestlands that generally surround the Park. This is an Optional Payment, but only those that pay for Ancillary Services (AS) are entitled to use the aforementioned services and facilities. Our hope is that most lots will continue to 'Opt In' in order to keep our Park vital, clean, and maintained.

The Fiscal Year Ending May 31, 2020 (FY 2019-2020)

Sierra Park runs on a fiscal year (FY) from June 1st through May 31st.

Many good things happened in the prior Fiscal Year. A new/used snow plow was acquired, the merger is complete (and expenses were less than budgeted), legal expenses were less (and we hope will continue that way). Generators were acquired and wired (thank you Jesse Worsham) to maintain fuel refueling for the snowplow and provide electrical power for the lodge in case of emergency.

As explained a few months ago, the snowplow was an unplanned \$26,000 expense, but a good snowplow at a good price became available nearby that fit our needs. The AS budget had extra funds since legal and merger expenses were less than anticipated, so AS loaned the money to Roads for the purchase. This has already saved the Park by substantially reducing the cost of outside contractors to come in and plow the snow.

However, there have been a couple items that have occurred in the last few months that we are working to address.

Labor expense (OFSRA reimburses Sierra Park Water (SPW) for hours their employee serves as our caretaker for Roads and AS work) increased and invoicing has fallen behind. OFSRA still owes SPW, but a plan has been developed to achieve closure. The accounting firm that handles our bills and finances had turnover and illness, which meant some items have not been properly allocated between Roads and AS. As explained above, every lot is obligated to pay the Roads invoice, but the Ancillary Services invoice is optional. We take it very seriously that Roads and Ancillary Services maintain proper separation of funds and are pushing the accountants to rectify the numbers at their own cost and that it is merely incorrect classification within the chart of accounts. This is being addressed.

The bank balances for Roads and AS at the end of the Fiscal Year was \$147,776 combined. This amount is maintained at year's end to assure the ability to pay in a timely fashion the many large invoices we receive in May and June. We need money at the start of the new fiscal year to cover these until new revenues start to come in. These items include the forest-lands loan payment, insurance, lease easement repayment, pine needle dump haul off, and labor, along with our normal monthly expenses.

This Year starting June 1, 2020 (FY 2020-2021)

A Proposed Budget for 2020-2021 is attached herewith. It also shows last year’s budget for comparison. Per above, it is split into Roads and Ancillary Services.

Roads Budget is based on a projection of the expected expenses, plus a small factor for inflation. It is similar to last year, with a few notable exceptions:

- a. As mentioned above, Roads borrowed \$26,000 from AS to pay for the snowplow. The Roads budget includes paying back half (\$13,000) this year to AS and again next year to retire the loan.
- b. In the Roads budget, Road Repairs/Maintenance has gone up, but legal is expected to be lower, as a result overall roads expenses is increasing from \$159,000 to \$162,500. Update: We anticipate the roads maintenance costs will go down (partly due to contractors’ unavailability due to recent fires), while labor will increase as the caretaker does some of this work instead.
- c. Every lot is required to pay for Roads, but there are a few lots that have not paid. This year the costs were spread over 327 lots, the total that paid last year. Unfortunately, only approximately 302 have paid so far this year, although some are still trickling in. The other non-paying lot owners have been asked to pay up. Hopefully they will do so and small court claims actions against them can be avoided. At the moment that’s about a \$15,000 shortfall in revenue to cover this year’s budget.

The Proposed 2020-2021 budget for Roads is \$197,800 or \$605 per lot.

Roads revenue collected to date is \$183,881.

Ancillary Services Budget is also based on a projection of the expected expenses, plus a small factor for inflation. It is similar to last year, with a few notable exceptions:

- a. The AS budget (per above) is reduced \$13,000 to adjust for Roads’ repayment of the snowplow loan to AS.
- b. Forest Lands has two primary changes to expenses:
 - The ‘one-year Merger costs’ go away, which and reduces budget by \$14,265.
 - We have since learned that there are numerous log piles on the Forest Lands that need to be removed. To start addressing these log piles, the tree removal expenses were increased from \$3,750 to \$10,000.
- c. Loan on forest lands: last year’s budget provided for loan interest for the prior year, and also for this year (2019-2020). As discussed at the Town Hall meeting, the consensus was to pay off the existing loan interest and principal over the remaining 5 years of the loan. The budget for paying the 2020-2021 share of the forest lands loan increased from \$8,525 to \$28,500.
- d. This year the costs are spread over 285 lots, the number that purchased AS last year. Again, unfortunately approximately 272 have paid so far this year, although some are still trickling in.

The Proposed 2020-2021 budget for AS is \$129,123 or \$453 per lot.

Ancillary Services Revenue to date is \$123,453.

<u>For Comparison:</u>	2020/2021	2019/2020
Roads	\$605	\$541
Ancillary Services	\$453	\$518
Total for Both	\$1,078	\$1,059